

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1731-01
Bill No.: HB 726
Subject: Fire Protection, Taxation and Revenue.
Type: Original
Date: March 6, 2001

FISCAL SUMMARY

| ESTIMATED NET EFFECT ON STATE FUNDS | | | |
|---|------------|---------------|---------------|
| FUND AFFECTED | FY 2002 | FY 2003 | FY 2004 |
| General Revenue | \$0 | (\$1,000,684) | (\$1,000,684) |
| Fire Education | \$0 | \$600,410 | \$600,410 |
| Fire Education Trust | \$0 | \$400,274 | \$400,274 |
| Total Estimated Net Effect on <u>All</u> State Funds | \$0 | \$0 | \$0 |

| ESTIMATED NET EFFECT ON FEDERAL FUNDS | | | |
|---|------------|------------|------------|
| FUND AFFECTED | FY 2002 | FY 2003 | FY 2004 |
| None | | | |
| | | | |
| Total Estimated Net Effect on <u>All</u> Federal Funds | \$0 | \$0 | \$0 |

| ESTIMATED NET EFFECT ON LOCAL FUNDS | | | |
|--|------------|------------|------------|
| FUND AFFECTED | FY 2002 | FY 2003 | FY 2004 |
| Local Government | \$0 | \$0 | \$0 |

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 4 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials from the **State Treasurer's Office** and the **Department of Insurance** each assume this proposal would not fiscally impact their respective agencies.

Officials from the **Department of Revenue (DOR)** state this proposal has no administrative impact to their agency. DOR states that the revenue impact is unknown.

Officials from the **Department of Public Safety - Division of Fire Safety (DFS)** state the fire education fund is used to provide firefighter training on a regional basis by contracting with the University of Missouri, Fire and Rescue Training Institute and other regional colleges.

DFS officials state the fiscal impact for FY 2002 was unknown at the time this fiscal note was prepared. Estimates for FY 2003 and FY 2004 were based on the sales taxes paid for fireworks in 1999, which was \$1,000,684. Assuming a 0% growth rate, the allocation of sales tax revenues would be 60% (\$600,410) to the Fire Education Fund and 40% (\$400,274) to the Fire Education Trust.

DFS officials state that currently, no funding is being provided to the Fire Education Fund from the current formula of three percent of the growth in premium taxes as compared to 1997, since premium tax revenues are not increasing. Therefore, the revenues from the sales taxes of fireworks would be the net impact to the Fire Education Fund and the Fire Education Trust Fund.

Since the change is effective July 1, 2002, **Oversight** assumes no impact to the funds for FY 2002. Oversight also assumes the sales tax revenue generated from fireworks is currently considered General Revenue Funds, so that fund would be negatively impacted by this legislation.

Oversight also assumes this proposal would not fiscally impact the Office of Administration.

| <u>FISCAL IMPACT - State Government</u> | FY 2002 | FY 2003 | FY 2004 |
|--|-----------------|----------------|----------------|
| | (10 Mo.) | | |
| GENERAL REVENUE FUND | | | |
| <u>Loss</u> - of sales tax revenue on fireworks transferred to the Fire Education Fund | \$0 | (\$1,000,684) | (\$1,000,684) |

FIRE EDUCATION FUND

RAS:LR:OD (12/00)

| <u>FISCAL IMPACT - State Government</u> | FY 2002 (10 Mo.) | FY 2003 | FY 2004 |
|--|---------------------|-------------------------|-------------------------|
| <u>Revenue</u> - sales tax revenue on fireworks transferred from General Revenue | \$0 | (\$1,000,684) | (\$1,000,684) |
| <u>Transfer Out</u> - 40% of fund balance gets transferred to Fire Education Trust Fund | | <u>(\$400,274)</u> | <u>(\$400,274)</u> |
| ESTIMATED NET EFFECT TO THE FIRE EDUCATION FUND | <u>\$0</u> | <u>\$600,410</u> | <u>\$600,410</u> |

FIRE EDUCATION TRUST FUND

| | | | |
|--|-----|-----------|-----------|
| <u>Transfer In</u> - 40% of fund balance of the Fire Education Fund | \$0 | \$400,274 | \$400,274 |
|--|-----|-----------|-----------|

| <u>FISCAL IMPACT - Local Government</u> | FY 2002 (10 Mo.) | FY 2003 | FY 2004 |
|---|---------------------|---------|---------|
| | \$0 | \$0 | \$0 |

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

DESCRIPTION

Beginning July 1, 2002, this proposal requires all revenues from the state's 3% sales tax on fireworks to be transferred to the Fire Education Fund. After June 30, 2002, the Fire Education Fund will no longer receive funds from 3% of the growth in insurance premium taxes for the year when compared to 1997.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

RAS:LR:OD (12/00)

Department of Revenue
Department of Insurance
State Treasurer's Office
Department of Public Safety - Division of Fire Safety

NOT RESPONDING: Office of Administration

A handwritten signature in black ink, appearing to read "Jeanne Jarrett". The signature is stylized with a large initial "J" and a cursive script.

Jeanne Jarrett, CPA
Director

March 6, 2001